From: tomb [rbarn@starband.net]
Sent: Tuesday, February 08, 2005 1:21 PM
To: restructure.sizestandandards@sba.gov
Subject: RIN 3245-ZA02

Just a couple of more comments regarding SBA size standards and Veture Capital funding.
1) Anyone that receives Venture Capital funding has essentially given up control of their company. VC funding is for one purpose only. That is, to make more money for VC's. Why should taxpayers fund VC's? If the government wants to invest in the stock market, it should not be related to the SBIR. If the government wants to buy products from VC backed companies, that should be separate from the SBIR. VC companies also receive foreign funding. How do you control that, so the technology does not leave this country?
2) Size standards and technology are not necessarily related. It is a misnomer to think that, because a large company has more engineers, that it has more innovation. ***Most innovation comes from small start-up comanies.*** Small companies have more to lose, and more to gain from innovation. On one hand, they can go bankrupt without some financial support from the SBA, and on the other hand, to survive against the large companies, they have to have a better product at a more competitive price (although they do not buy their components for their products in large quantity to take advantage of volume pricing structures).
So how does a small company grow to a large company? The answer is the same as in the past. Just keep the playing field even. Give the small company an advantage to compete with the large company. Insure that American companies are funded with American dollars (and not foreign money). Personally, I have lost more business (for high tech equipment to the US Government) to foreign owned companies than I have to American companies.
Regards,
Tom Birks
President
Red Barn Microwave